

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

FINANCIAL REPORT WITH  
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Tallmadge	County Ottawa
Fiscal Year End March 31, 2008	Opinion Date July 11, 2008	Date Audit Report Submitted to State July 30, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES  
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>	N/A		
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040		
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI	Zip 48707
Authorizing CPA Signature 		Printed Name Mark J. Campbell		License Number 1101007803

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

July 11, 2008

To the Township Board  
Charter Township of Tallmadge  
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Charter Township of Tallmadge, Ottawa County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Tallmadge's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Charter Township of Tallmadge, Ottawa County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Campbell, Kusterer & Co., P.C.*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Charter Township of Tallmadge covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$3,173,240.16 for governmental activities. Overall total capital asset additions were \$210,440.45.

Overall revenues were \$2,055,507.53 from governmental activities. Governmental activities had a \$525,138.28 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, the Special Revenue Funds, the Debt Service Funds, the Capital Projects Funds, the Current Tax Collection Fund and the Agency Fund.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

CONDENSED FINANCIAL INFORMATION  
For the year ended March 31, 2008

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2007</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Current Assets	2 649 816	3 004 530
Capital Assets	<u>5 082 234</u>	<u>4 615 684</u>
Total Assets	<u>7 732 050</u>	<u>7 620 214</u>
Current Liabilities	855 687	701 619
Non-current Liabilities	<u>4 228 262</u>	<u>3 745 355</u>
Total Liabilities	<u>5 083 949</u>	<u>4 446 974</u>
Net Assets:		
Invested in Capital Assets	853 972	870 329
Restricted	708 793	663 364
Unrestricted	<u>1 085 337</u>	<u>1 639 547</u>
Total Net Assets	<u><u>2 648 102</u></u>	<u><u>3 173 240</u></u>

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2007</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Program Revenues:		
Fees and Charges for Services	699 389	894 695
General Revenues:		
Property Taxes	455 934	464 749
State Revenue Sharing	476 700	480 580
Interest	81 183	57 676
Miscellaneous	<u>17 050</u>	<u>157 808</u>
Total Revenues	<u>1 730 256</u>	<u>2 055 508</u>
Program Expenses:		
Legislative	92 444	169 263
General Government	266 407	162 708
Public Safety	366 936	360 937
Public Works	577 268	634 424
Recreation and Culture	10 505	28 852
Other	37 589	-
Interest on Long-Term Debt	<u>190 935</u>	<u>174 186</u>
Total Expenses	<u>1 542 084</u>	<u>1 530 370</u>
Increase in Net Assets	188 172	525 138
Net Assets, April 1	<u>2 459 930</u>	<u>2 648 102</u>
Net Assets, March 31	<u><u>2 648 102</u></u>	<u><u>3 173 240</u></u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

**Governmental funds:** All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Special Revenue Funds, the Debt Service Funds and the Capital Projects Funds.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

During the year we spent \$193,415.31 to improve the sewer systems. We purchased \$17,025.14 in other capital assets.

Our cash position in the governmental activities remain strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$432,981.09.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$210,440.45 in capital assets.

The Township's governmental activities paid \$482,907.01 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow in taxable values with little demand for infrastructure, except good roads and water, where available.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk or Township Treasurer at 616-677-1248.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank and investments	1 882 099 33
Taxes receivable	34 401 50
Special assessments receivable	<u>1 088 029 48</u>
Total Current Assets	<u>3 004 530 31</u>
NON-CURRENT ASSETS:	
Capital Assets	10 030 763 10
Less: Accumulated Depreciation	<u>(5 415 078 99)</u>
Total Non-current Assets	<u>4 615 684 11</u>
TOTAL ASSETS	<u><u>7 620 214 42</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	2 055 45
Deferred revenue	<u>699 563 79</u>
Total Current Liabilities	<u>701 619 24</u>
NON-CURRENT LIABILITIES:	
Bonds payable	<u>3 745 355 02</u>
Total Non-current Liabilities	<u>3 745 355 02</u>
Total Liabilities	<u>4 446 974 26</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	870 328 99
Reserved for debt retirement	663 364 35
Unrestricted	<u>1 639 546 82</u>
Total Net Assets	<u>3 173 240 16</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>7 620 214 42</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
Legislative	169 263 33	-	(169 263 33)
General government	162 707 97	116 723 14	(45 984 83)
Public safety	360 936 52	179 994 86	(180 941 66)
Public works	634 424 05	545 544 52	(88 879 53)
Culture and recreation	28 851 88	-	(28 851 88)
Interest on long-term debt	<u>174 185 50</u>	<u>52 432 08</u>	<u>(121 753 42)</u>
Total Governmental Activities	<u>1 530 369 25</u>	<u>894 694 60</u>	<u>(635 674 65)</u>
General Revenues:			
Property taxes			464 749 28
State revenue sharing			480 580 05
Interest			57 676 14
Miscellaneous			<u>157 807 46</u>
Total General Revenues			<u>1 160 812 93</u>
Change in net assets			525 138 28
Net assets, beginning of year			<u>2 648 101 88</u>
Net Assets, End of Year			<u>3 173 240 16</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

**BALANCE SHEET – GOVERNMENTAL FUNDS**  
Year ended March 31, 2008

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Capital Improvement</u>	<u>1998 S.A. Debt Retirement</u>	<u>1999 S.A. Debt Retirement</u>
<b><u>Assets</u></b>					
Cash in bank and investments	629 868 75	23 921 38	183 548 90	238 974 83	235 981 14
Taxes receivable	20 388 34	10 346 04	3 667 12	-	-
Special assessments receivable	23 349 31	-	361 395 00	238 692 00	154 112 67
Due from other funds	<u>18 995 32</u>	<u>160 506 81</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b><u>692 601 72</u></b>	<b><u>194 774 23</u></b>	<b><u>548 611 02</u></b>	<b><u>477 666 83</u></b>	<b><u>390 093 81</u></b>
<b><u>Liabilities and Fund Equity</u></b>					
<b>Liabilities:</b>					
Accounts payable	2 055 45	-	-	-	-
Deferred revenue	23 349 31	-	-	230 478 38	152 366 10
Due to other funds	<u>600 00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>26 004 76</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>230 478 38</u></b>	<b><u>152 366 10</u></b>
<b>Fund equity:</b>					
Fund balances:					
Reserved for debt retirement	-	-	-	247 188 45	237 727 71
Unreserved:					
Undesignated	<u>666 596 96</u>	<u>194 774 23</u>	<u>548 611 02</u>	<u>-</u>	<u>-</u>
<b>Total fund equity</b>	<b><u>666 596 96</u></b>	<b><u>194 774 23</u></b>	<b><u>548 611 02</u></b>	<b><u>247 188 45</u></b>	<b><u>237 727 71</u></b>
<b>Total liabilities and Fund Equity</b>	<b><u>692 601 72</u></b>	<b><u>194 774 23</u></b>	<b><u>548 611 02</u></b>	<b><u>477 666 83</u></b>	<b><u>390 093 81</u></b>

The accompanying notes are an integral part of these financial statements.

<u>2001 S.A Debt Retirement</u>	<u>2006 Bond Construction</u>	<u>Other Funds</u>	<u>Total</u>
172 438 97	218 669 19	(205 96)	1 703 197 20
-	-	-	34 401 50
298 985 08	10 895 42	600 00	1 088 029 48
-	-	-	179 502 13
<u>471 424 05</u>	<u>229 564 61</u>	<u>394 04</u>	<u>3 005 130 31</u>
-	-	-	2 055 45
293 370 00	-	-	699 563 79
-	-	-	600 00
<u>293 370 00</u>	<u>-</u>	<u>-</u>	<u>702 219 24</u>
178 054 05	-	394 04	663 364 25
-	229 564 61	-	1 639 546 82
<u>178 054 05</u>	<u>229 564 61</u>	<u>394 04</u>	<u>2 302 911 07</u>
<u>471 424 05</u>	<u>229 564 61</u>	<u>394 04</u>	<u>3 005 130 31</u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	2 302 911 07
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	10 030 763 10
Accumulated depreciation	(5 415 078 99)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	<u>(3 745 355 02)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>3 173 240 16</u></u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS  
Year ended March 31, 2008

	General	Fire Operating	Fire Capital Improvement	1998 S.A. Debt Retirement	1999 S.A. Debt Retirement
Revenues:					
Property taxes	233 337 50	170 852 85	60 558 93	-	-
Licenses and permits	63 950 93	-	-	-	-
State revenue sharing	480 580 05	-	-	-	-
Charges for services:					
Property tax administration	69 160 71	-	-	-	-
Fire protection	-	64 418 24	74 865 12	-	-
Other	20 388 00	-	-	-	-
Interest	11 631 89	3 435 41	11 949 92	8 396 68	8 375 83
Rent	3 935 00	-	-	-	-
Special assessments	20 931 79	-	-	55 450 83	58 980 92
Miscellaneous	31 303 73	-	1 707 23	-	-
Total revenues	<u>935 219 60</u>	<u>238 706 50</u>	<u>149 081 20</u>	<u>63 847 51</u>	<u>67 356 75</u>
Expenditures:					
Legislative:					
Township Board	169 263 33	-	-	-	-
General government:					
Supervisor	24 894 25	-	-	-	-
Elections	3 805 01	-	-	-	-
Assessor	23 642 10	-	-	-	-
Clerk	26 246 57	-	-	-	-
Board of Review	1 830 00	-	-	-	-
Treasurer	28 737 23	-	-	-	-
Building and grounds	39 204 41	-	-	-	-
Cemetery	2 948 00	-	-	-	-
Public safety:					
Fire protection	-	231 711 72	22 129 72	-	-
Planning and zoning	29 566 62	-	-	-	-
Building inspection	33 176 11	-	-	-	-
Public works:					
Highways and streets	8 815 00	-	-	-	-
Street lights	12 107 37	-	-	-	-
Drains	6 197 28	-	-	-	-
Sewer	322 34	-	-	-	-
Culture and recreation:					
Parks and recreation	14 595 93	-	-	-	-
Capital outlay	7 629 54	-	9 395 60	-	-
Debt service	-	-	-	85 287 50	77 486 25
Total expenditures	<u>432 981 09</u>	<u>231 711 72</u>	<u>31 525 32</u>	<u>85 287 50</u>	<u>77 486 25</u>

The accompanying notes are an integral part of these financial statements.

<u>2001 S.A Debt Retirement</u>	<u>2006 Bond Construction</u>	<u>Other Funds</u>	<u>Total</u>
-	-	-	464 749 28
-	-	-	63 950 93
-	-	-	480 580 05
-	-	-	69 160 71
-	-	-	139 283 36
-	270 500 00	-	290 888 00
6 279 40	7 607 01	-	57 676 14
-	-	-	3 935 00
55 613 06	136 500 00	-	327 476 60
-	124 796 50	-	157 807 46
<u>61 892 46</u>	<u>539 403 51</u>	<u>-</u>	<u>2 055 507 53</u>
-	-	-	169 263 33
-	-	-	24 894 25
-	-	-	3 805 01
-	-	-	23 642 10
-	-	-	26 246 57
-	-	-	1 830 00
-	-	-	28 737 23
-	-	-	39 204 41
-	-	-	2 948 00
-	-	-	253 841 44
-	-	-	29 566 62
-	-	-	33 176 11
-	-	-	8 815 00
-	-	-	12 107 37
-	-	-	6 197 28
-	-	-	322 34
-	-	-	14 595 93
-	193 415 31	-	210 440 45
<u>75 501 25</u>	<u>119 252 51</u>	<u>299 565 00</u>	<u>657 092 51</u>
<u>75 501 25</u>	<u>312 667 82</u>	<u>299 565 00</u>	<u>1 546 725 95</u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS  
Year ended March 31, 2008

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Capital Improvement</u>	<u>1998 S.A. Debt Retirement</u>	<u>1999 S.A. Debt Retirement</u>
Excess (deficiency) of revenues over expenditures	<u>502 238 51</u>	<u>6 994 78</u>	<u>117 555 88</u>	<u>(21 439 99)</u>	<u>(10 129 50)</u>
Other financing sources (uses):					
Operating transfers in	-	-	7 000 00	-	-
Operating transfers out	<u>(299 315 00)</u>	<u>(7 000 00)</u>	-	-	-
Total other financing sources (uses)	<u>(299 315 00)</u>	<u>(7 000 00)</u>	<u>7 000 00</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	202 923 51	(5 22)	124 555 88	(21 439 99)	(10 129 50)
Fund balances, April 1	<u>463 673 45</u>	<u>194 779 45</u>	<u>424 055 14</u>	<u>268 628 44</u>	<u>247 857 21</u>
Fund Balances, March 31	<u><u>666 596 96</u></u>	<u><u>194 774 23</u></u>	<u><u>548 611 02</u></u>	<u><u>247 188 45</u></u>	<u><u>237 727 71</u></u>

The accompanying notes are an integral part of these financial statements.

<u>2001 S.A Debt Retirement</u>	<u>2006 Bond Construction</u>	<u>Other Funds</u>	<u>Total</u>
<u>(13 608 79)</u>	<u>226 735 69</u>	<u>(299 565 00)</u>	<u>508 781 58</u>
-	-	299 315 00	306 315 00
<u>-</u>	<u>-</u>	<u>-</u>	<u>(306 315 00)</u>
<u>-</u>	<u>-</u>	<u>299 315 00</u>	<u>-</u>
(13 608 79)	226 735 69	(250 00)	508 781 58
<u>191 662 84</u>	<u>2 828 92</u>	<u>644 04</u>	<u>1 794 129 49</u>
<u>178 054 05</u>	<u>229 564 61</u>	<u>394 04</u>	<u>2 302 911 07</u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 508 781 58

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,  
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(676 990 76)
Capital Outlay	210 440 45

Repayment of debt principal is an expenditure in the governmental funds, the  
repayment does not have an effect in the statement of activities but does  
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>482 907 01</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>525 138 28</u></u>
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The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of the Charter Township of Tallmadge, Ottawa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Charter Township of Tallmadge. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds

These funds are used to record the funding and payment of principal and interest on long-term debt.

Capital Projects Funds

These funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations and special assessments.

Fiduciary Funds

The Current Tax Collection Fund and Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was 1.9006 mills, and the taxable value was \$244,554,575.00.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	10-40 years
Furniture, vehicles and equipment	4-25 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 2 – Budgets and Budgetary Accounting – (continued)

8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>1 884 153 05</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	301 453 72
Uninsured and Uncollateralized	<u>2 074 247 96</u>
Total Deposits	<u>2 375 701 68</u>

The Township did not have any investments as of March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 3 – Deposits and Investments (continued)**

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

**Note 4 – Capital Assets**

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<b>Governmental Activities:</b>				
Land and improvements	487 043 35	-	-	487 043 35
Buildings	278 910 00	-	-	278 910 00
Vehicles and equipment	810 048 89	17 025 14	(6 995 00)	820 079 03
Infrastructure funded by bonds	<u>8 251 315 41</u>	<u>193 415 31</u>	<u>-</u>	<u>8 444 730 72</u>
Total	9 827 317 65	210 440 45	(6 995 00)	10 030 763 10
Accumulated Depreciation	<u>(4 745 083 23)</u>	<u>(676 990 76)</u>	<u>6 995 00</u>	<u>(5 415 078 99)</u>
Net Capital Assets	<u>5 082 234 42</u>	<u>(466 550 31)</u>	<u>-</u>	<u>4 615 684 11</u>

**Note 5 – Pension Plan**

The Charter Township has a defined contribution pension plan covering all full time employees of the Township. Under the plan, the Township contributes amounts based on the employees' annual earnings. The net pension expense for the fiscal year ended March 31, 2008, was \$10,491.88.

**Note 6 – Deferred Compensation Plan**

The Township does not have a deferred compensation plan.

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Note 8 – Building Permits**

As of March 31, 2008, the Township had building permit revenues of \$23,621.00 and building permit expenses of \$9,540.00.

**Note 9 – Changes in Long-Term Debt**

A summary in changes in long-term debt follows:

	Balance 4/1/07	Additions	Deductions	Balance 3/31/08
1998 Special Assessment Bonds	455 000 00	-	65 000 00	390 000 00
1998 General Obligation Bonds	115 000 00	-	55 000 00	60 000 00
1999 Special Assessment Bonds	440 000 00	-	55 000 00	385 000 00
1999 General Obligation Bonds	710 000 00	-	75 000 00	635 000 00
2001 Special Assessment Bonds	535 000 00	-	55 000 00	480 000 00
2001 General Obligation Bonds	1 120 000 00	-	85 000 00	1 035 000 00
2008 Sewer Loan Payable Ottawa County	853 262 03	-	92 907 01	760 355 02
Totals	<u>4 228 262 03</u>	<u>-</u>	<u>482 907 01</u>	<u>3 745 355 02</u>

**Note 10 – 1998 Special Assessment Bonds**

On March 1, 1998, the Township issued \$985,000.00 in bonds for the purpose of funding water and sewer line extensions. The bonds will be repaid through special assessments. As of March 31, 2008, \$390,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

Due Date	Interest Rate	Principal	Interest
7-1-08	4.6%	65 000 00	9 262 50
1-1-09	-	-	7 767 50
7-1-09	4.7%	65 000 00	7 767 50
1-1-10	-	-	6 240 00
7-1-10	4.75%	65 000 00	6 240 00
1-1-11	-	-	4 696 25
7-1-11	4.8%	65 000 00	4 696 25
1-1-12	-	-	3 136 25
7-1-12	4.8%	65 000 00	3 136 25
1-1-13	-	-	1 576 25
7-1-13	4.85%	65 000 00	1 576 25
Total		<u>390 000 00</u>	<u>56 095 00</u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 11 – 1998 General Obligation Bonds**

On March 1, 1998, the Township issued \$475,000.00 in bonds for the purpose of funding water and sewer line extensions. As of March 31, 2008, \$60,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-08	4.6%	<u>60 000 00</u>	<u>1 380 00</u>
Total		<u><u>60 000 00</u></u>	<u><u>1 380 00</u></u>

**Note 12 – 1999 Special Assessment Bonds**

On October 1, 1999, the Township issued \$755,000.00 in bonds for the purpose of funding water, sewer and road improvements. The bonds will be repaid through special assessments. As of March 31, 2008, \$385,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-08	5.15%	50 000 00	10 385 00
1-1-09	-	-	9 097 50
7-1-09	5.15%	50 000 00	9 097 50
1-1-10	-	-	7 810 00
7-1-10	5.25%	50 000 00	7 810 00
1-1-11	-	-	6 497 50
7-1-11	5.35%	50 000 00	6 497 50
1-1-12	-	-	5 160 00
7-1-12	5.45%	50 000 00	5 160 00
1-1-13	-	-	3 797 50
7-1-13	5.55%	50 000 00	3 797 50
1-1-14	-	-	2 410 00
7-1-14	5.65%	50 000 00	2 410 00
1-1-15	-	-	997 50
7-1-15	5.7%	<u>35 000 00</u>	<u>997 50</u>
Total		<u><u>385 000 00</u></u>	<u><u>81 925 00</u></u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 13 – 1999 General Obligation Bonds**

On October 1, 1999, the Township issued \$1,135,000.00 in bonds for the purpose of funding water, sewer and road improvements. As of March 31, 2008, \$635,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-08	5.15%	80 000 00	17 088 75
1-1-09	-	-	15 028 75
7-1-09	5.15%	80 000 00	15 028 75
1-1-10	-	-	12 968 75
7-1-10	5.25%	85 000 00	12 968 75
1-1-11	-	-	10 737 50
7-1-11	5.35%	90 000 00	10 737 50
1-1-12	-	-	8 330 00
7-1-12	5.45%	95 000 00	8 330 00
1-1-13	-	-	5 741 25
7-1-13	5.55%	100 000 00	5 741 25
1-1-14	-	-	2 966 25
7-1-14	5.56%	105 000 00	2 966 25
Total		<u>635 000 00</u>	<u>128 633 75</u>

**Note 14 – 2001 Special Assessment Bonds**

On October 1, 2001, the Township issued \$775,000.00 in bonds for the purpose of funding water, sewer and road improvements. The bonds will be repaid through special assessments. As of March 31, 2008, \$480,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-08	3.35%	55 000 00	9 665 00
1-1-09	-	-	8 688 75
7-1-09	3.70%	55 000 00	8 688 75
1-1-10	-	-	7 671 25
7-1-10	3.80%	50 000 00	7 671 25
1-1-11	-	-	6 721 25
7-1-11	3.90%	55 000 00	6 721 25
1-1-12	-	-	5 648 75
7-1-12	4.00%	55 000 00	5 648 75
1-1-13	-	-	4 548 75
7-1-13	4.15%	55 000 00	4 548 75
1-1-14	-	-	3 407 50
7-1-14	4.30%	55 000 00	3 407 50
1-1-15	-	-	2 225 00
7-1-15	4.40%	50 000 00	2 225 00
1-1-16	-	-	1 125 00
7-1-16	4.50%	50 000 00	1 125 00
Total		<u>480 000 00</u>	<u>89 737 50</u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 15 – 2001 General Obligation Bonds**

On October 1, 2001, the Township issued \$1,515,000.00 in bonds for the purpose of funding water, sewer and road improvements. As of March 31, 2008, \$1,035,000.00 of the bonds remained outstanding. The following is a schedule of the outstanding principal and interest on the bonds.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>
7-1-08	3.55%	90 000 00	21 092 50
1-1-09	-	-	19 495 00
7-1-09	3.70%	95 000 00	19 495 00
1-1-10	-	-	17 737 50
7-1-10	3.80%	105 000 00	17 737 50
1-1-11	-	-	15 742 50
7-1-11	3.90%	110 000 00	15 742 50
1-1-12	-	-	13 597 50
7-1-12	4.00%	115 000 00	13 597 50
1-1-13	-	-	11 297 50
7-1-13	4.15%	120 000 00	11 297 50
1-1-14	-	-	8 807 50
7-1-14	4.30%	125 000 00	8 807 50
1-1-15	-	-	6 120 00
7-1-15	4.40%	135 000 00	6 120 00
1-1-16	-	-	3 150 00
7-1-16	4.50%	140 000 00	3 150 00
Total		<u>1 035 000 00</u>	<u>212 987 50</u>

**Note 16 – 2008 Sewer Loan Payable – Ottawa County**

On December 15, 2005, the Township obtained a loan in the amount of \$950,000.00 from Ottawa County for the purpose of making improvements to the Sewer System. The loan is repayable in 120 monthly payments of \$9,173.27 including interest at the rate of 3.0% per annum. As of March 31, 2008, \$760,355.02 of principal remained outstanding.

**Note 17 – Transfers In and Transfers Out**

For the fiscal year ended March 31, 2008, the Township made the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Fire Capital Improvement	7 000 00	Fire Operating	7 000 00
1998 G.O. Debt Retirement	59 297 50	General	59 297 50
1999 G.O. Debt Retirement	111 408 75	General	111 408 75
2001 G.O. Debt Retirement	128 608 75	General	128 608 75
Total	<u>306 315 00</u>	Total	<u>306 315 00</u>

**Note 18 – Due To and Due From**

As of March 31, 2008, the Township had the following interfund balances:

<u>Fund</u>	<u>Due To</u>	<u>Fund</u>	<u>Due From</u>
General	18 995 32	Current Tax Collection	18 995 32
Fire Operating	160 506 81	Current Tax Collection	160 506 81
Total	<u>179 502 13</u>	Total	<u>179 502 13</u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	248 000 00	241 000 00	233 337 50	(7 662 50)
Licenses and permits	76 000 00	104 000 00	63 950 93	(40 049 07)
State revenue sharing	472 000 00	472 000 00	480 580 05	8 580 05
Charges for services:				
Property tax administration	66 000 00	65 000 00	69 160 71	4 160 71
Other	22 000 00	19 000 00	20 388 00	1 388 00
Interest	13 700 00	14 900 00	13 251 75	(1 648 25)
Rent	5 000 00	5 000 00	3 935 00	(1 065 00)
Special assessments	5 000 00	15 000 00	19 311 93	4 311 93
Miscellaneous	4 100 00	4 100 00	31 303 73	27 203 73
Total revenues	<u>911 800 00</u>	<u>940 000 00</u>	<u>935 219 60</u>	<u>(4 780 40)</u>
Expenditures:				
Legislative:				
Township Board	200 800 00	228 900 00	169 263 33	(59 636 67)
General government:				
Supervisor	25 360 00	25 360 00	24 894 25	(465 75)
Elections	16 000 00	6 400 00	3 805 01	(2 594 99)
Assessor	24 000 00	24 070 00	23 642 10	(427 90)
Clerk	30 900 00	30 901 00	26 246 57	(4 654 43)
Board of Review	2 500 00	2 000 00	1 830 00	(170 00)
Treasurer	31 440 00	30 940 00	28 737 23	(2 202 77)
Building and grounds	44 000 00	44 000 00	39 204 41	(4 795 59)
Cemetery	3 000 00	3 000 00	2 948 00	(52 00)
Public safety:				
Police protection	16 500 00	-	-	-
Planning and zoning	35 500 00	35 800 00	29 566 62	(6 233 38)
Building inspection	30 000 00	40 000 00	33 176 11	(6 823 89)
Public works:				
Highways and streets	97 714 00	120 984 00	8 815 00	(112 169 00)
Street lights	12 500 00	12 200 00	12 107 37	(92 63)
Drains	6 000 00	6 200 00	6 197 28	(2 72)
Sewer	5 000 00	5 000 00	322 34	(4 677 66)
Culture and recreation:				
Parks and recreation	16 500 00	19 000 00	14 595 93	(4 404 07)
Capital outlay	<u>10 000 00</u>	<u>20 000 00</u>	<u>7 629 54</u>	<u>(12 370 46)</u>
Total expenditures	<u>607 714 00</u>	<u>654 755 00</u>	<u>432 981 09</u>	<u>(221 773 91)</u>
Excess (deficiency) of revenues over expenditures	<u>304 086 00</u>	<u>285 245 00</u>	<u>502 238 51</u>	<u>216 993 51</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(304 086 00)</u>	<u>(298 716 00)</u>	<u>(299 315 00)</u>	<u>(599 00)</u>
Total other financing sources (uses)	<u>(304 086 00)</u>	<u>(298 716 00)</u>	<u>(299 315 00)</u>	<u>(599 00)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(13 471 00)	202 923 51	216 394 51
Fund balance, April 1	<u>463 673 45</u>	<u>463 673 45</u>	<u>463 673 45</u>	-
Fund Balance, March 31	<u>463 673 45</u>	<u>450 202 45</u>	<u>666 596 96</u>	<u>216 394 51</u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

**BUDGETARY COMPARISON SCHEDULE – FIRE OPERATING FUND**  
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	164 000 00	158 700 00	170 852 85	12 152 85
Charges for services:				
Fire protection	69 300 00	67 800 00	64 418 24	(3 381 76)
Interest	3 000 00	1 600 00	3 435 41	1 835 41
Miscellaneous	<u>27 353 00</u>	<u>16 856 00</u>	<u>-</u>	<u>(16 856 00)</u>
Total revenues	<u>263 653 00</u>	<u>244 956 00</u>	<u>238 706 50</u>	<u>(6 249 50)</u>
Expenditures:				
Public safety:				
Fire protection	<u>263 653 00</u>	<u>251 866 00</u>	<u>231 711 72</u>	<u>(20 154 28)</u>
Total expenditures	<u>263 653 00</u>	<u>251 866 00</u>	<u>231 711 72</u>	<u>(20 154 28)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(6 910 00)</u>	<u>6 994 78</u>	<u>13 904 78</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>(7 000 00)</u>	<u>(7 000 00)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7 000 00)</u>	<u>(7 000 00)</u>
Excess (deficiency) of revenues and other sources over expenditures and other use	-	(6 910 00)	(5 22)	6 904 78
Fund balance, April 1	<u>194 779 45</u>	<u>194 779 45</u>	<u>194 779 45</u>	<u>-</u>
Fund Balance, March 31	<u><u>194 779 45</u></u>	<u><u>187 869 45</u></u>	<u><u>194 774 23</u></u>	<u><u>6 904 78</u></u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE CAPITAL IMPROVEMENT FUND  
Year ended March 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	65 500 00	60 000 00	60 558 93	558 93
Charges for services:				
Fire protection	72 500 00	67 000 00	74 865 12	7 865 12
Interest	6 000 00	9 500 00	11 949 92	2 449 92
Miscellaneous	<u>12 386 48</u>	<u>-</u>	<u>1 707 23</u>	<u>1 707 23</u>
Total revenues	<u>156 386 48</u>	<u>136 500 00</u>	<u>149 081 20</u>	<u>12 581 20</u>
Expenditures:				
Public safety:				
Fire protection	25 000 00	28 400 00	22 129 72	(6 270 28)
Capital outlay	<u>10 000 00</u>	<u>10 000 00</u>	<u>9 395 60</u>	<u>(604 40)</u>
Total expenditures	<u>35 000 00</u>	<u>38 400 00</u>	<u>31 525 32</u>	<u>(6 874 68)</u>
Excess (deficiency) of revenues over expenditures	<u>121 386 48</u>	<u>98 100 00</u>	<u>117 555 88</u>	<u>19 455 88</u>
Other financing sources (uses):				
Operating transfers in	7 000 00	7 000 00	7 000 00	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>7 000 00</u>	<u>7 000 00</u>	<u>7 000 00</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	128 386 48	105 100 00	124 555 88	19 455 88
Fund balance, April 1	<u>424 055 14</u>	<u>424 055 14</u>	<u>424 055 14</u>	<u>-</u>
Fund Balance, March 31	<u><u>552 441 62</u></u>	<u><u>529 155 14</u></u>	<u><u>548 611 02</u></u>	<u><u>19 455 88</u></u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

COMBINING BALANCE SHEET – ALL NONMAJOR GOVERNMENTAL FUNDS  
March 31, 2008

	<u>1998 G.O. Debt Retirement</u>	<u>1999 G.O. Debt Retirement</u>	<u>2001 G.O. Debt Retirement</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank and investments	(263 87)	(172 09)	230 00	(205 96)
Special assessments receivable	<u>300 00</u>	<u>300 00</u>	<u>-</u>	<u>600 00</u>
Total Assets	<u><u>36 13</u></u>	<u><u>127 91</u></u>	<u><u>230 00</u></u>	<u><u>394 04</u></u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for debt retirement	<u>36 13</u>	<u>127 91</u>	<u>230 00</u>	<u>394 04</u>
Total fund balances	<u>36 13</u>	<u>127 91</u>	<u>230 00</u>	<u>394 04</u>
Total Liabilities and Fund Balances	<u><u>36 13</u></u>	<u><u>127 91</u></u>	<u><u>230 00</u></u>	<u><u>394 04</u></u>

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL NONMAJOR GOVERNMENTAL FUNDS  
Year ended March 31, 2008

	<u>1998 G.O. Debt Retirement</u>	<u>1999 G.O. Debt Retirement</u>	<u>2001 G.O. Debt Retirement</u>	<u>Total</u>
Revenues:				
Interest	-	-	-	-
Special assessments	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Debt service				
Principal	55 000 00	75 000 00	85 000 00	215 000 00
Interest	3 997 50	36 108 75	43 608 75	83 715 00
Fees	300 00	300 00	250 00	850 00
Total expenditures	59 297 50	111 408 75	128 858 75	299 565 00
Excess (deficiency) of revenues over expenditures	(59 297 50)	(111 408 75)	(128 858 75)	(299 565 00)
Other financing sources (uses):				
Operating transfers in	59 297 50	111 408 75	128 608 75	299 315 00
Total other financing sources (uses)	59 297 50	111 408 75	128 608 75	299 315 00
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	(250 00)	(250 00)
Fund balances, April 1	36 13	127 91	480 00	644 04
Fund Balances, March 31	36 13	127 91	230 00	394 04

CHARTER TOWNSHIP OF TALLMADGE  
Ottawa County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –  
ALL AGENCY FUNDS  
Year ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash and Investments	<u>15 593 57</u>	<u>7 354 455 97</u>	<u>7 190 547 41</u>	<u>179 502 13</u>
<u>Liabilities</u>				
Due to other funds	15 593 57	813 847 70	649 939 14	179 502 13
Due to others	<u>-</u>	<u>6 540 608 27</u>	<u>6 540 608 27</u>	<u>-</u>
Total Liabilities	<u>15 593 57</u>	<u>7 354 455 97</u>	<u>7 190 547 41</u>	<u>179 502 13</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>1 211 00</u>	<u>88 901 90</u>	<u>88 659 18</u>	<u>1 453 72</u>
<u>Liabilities</u>				
Due to other funds	-	1 595 90	1 595 90	-
Due to others	<u>1 211 00</u>	<u>87 306 00</u>	<u>87 063 28</u>	<u>1 453 72</u>
Total Liabilities	<u>1 211 00</u>	<u>88 901 90</u>	<u>88 659 18</u>	<u>1 453 72</u>
<u>TOTAL – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and Investments	<u>16 804 57</u>	<u>7 443 357 87</u>	<u>7 279 206 59</u>	<u>180 955 85</u>
<u>Liabilities</u>				
Due to other funds	15 593 57	815 443 60	651 535 04	179 502 13
Due to others	<u>1 211 00</u>	<u>6 627 914 27</u>	<u>6 627 671 55</u>	<u>1 453 72</u>
Total Liabilities	<u>16 804 57</u>	<u>7 443 357 87</u>	<u>7 279 206 59</u>	<u>180 955 85</u>

# **CAMPBELL, KUSTERER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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## **AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS**

July 11, 2008

To the Township Board  
Charter Township of Tallmadge  
Ottawa County, Michigan

We have audited the financial statements of the Charter Township of Tallmadge for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Charter Township of Tallmadge in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board  
Charter Township of Tallmadge  
Ottawa County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants